

1 MR. SMITH: That one would be the
2 exception. That end office where it's regenerated,
3 it looks like it comes from us. That is the
4 exception.

5 MS. SHETLER: So there's no way for
6 Cavalier at that point to identify that as an access
7 call, there's no information it could --

8 MR. SMITH: On that particular type of
9 call, I would agree with you. I think one of the
10 issues is Cavalier is also recording everything that
11 comes over that interconnection trunk, so for some
12 calls, if they're transit calls, they're getting
13 both, they're getting a record from Verizon for that
14 call and they're creating their own record for that
15 call.

16 And I think -- I think that's where part
17 of the issue may be, at least that's what it sounds
18 like, from what I'm hearing. If they're recording
19 everything that comes off and looking to use those
20 records for billing, they should, I believe, be
21 replacing those records where it is not a
22 Verizon-originated call, with the meet point billing

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1 records we provide, and that is how you bill the
2 transiting carrier.

3 MS. SHETLER: So there are parallel
4 records going with the meet point billing that have
5 to be matched up with the transit trunk traffic?

6 MR. SMITH: I don't believe they have to
7 be matched up. I believe that you eliminate the
8 records that Cavalier records for that type of --
9 for that traffic, and you use the meet point billing
10 records that are provided for the tandem transit
11 service to bill the carrier that has transited our
12 network.

13 MR. WHITT: The problem we run into,
14 though, it's just not practical to do that, because
15 what happens on the meet point tape, if you get a
16 record like that, we do record all calls on our
17 switches, but what you run into is when you try to
18 take a particular call that's on the meet point
19 tape, you can go find the same call if you're doing
20 this manually on our switch tapes, but the problem
21 is they can be anywhere from one second to 27, 28
22 seconds apart, between the time that Verizon stamps

1 first the time our switch actually physically
2 stamps, so it's not really practical to kind of use
3 the two.

4 Because, you know, one option would
5 potentially be to take all your switch records if
6 you had the proper data, which we don't get CIC
7 codes on the switch records that come in, so it's
8 not really practical to do. What we try to do is
9 rely on the meet point tapes to get what we can off
10 in terms of access calls, screen it for any local
11 calls.

12 But to effectively try to use our switch
13 tapes, it doesn't really work that well in terms of
14 other carriers besides Verizon, because you can't
15 really physically match up the calls. It's just
16 millions of calls and they can all be half a minute
17 apart or less.

18 MR. KOERNER: Mr. Haraburda, could you
19 explain to me this Band-Aid solution that you
20 reference in your testimony? I didn't quite
21 understand what that was about.

22 MR. HARABURDA: What section is that,

1 again?

2 MR. KOERNER: I'm sorry, it's page 5 of
3 your direct testimony, lines 5 to 23, to page 6,
4 lines 1 to 2.

5 MR. HARABURDA: So the PLU factor, which
6 is the Band-Aid solution that's recommended, the
7 thing is if I don't know where the calls that I'm
8 getting today are actually coming from, how can I
9 calculate a PIU -- PIU, percentage of interstate
10 usage, PLU, percentage of local usage. They're the
11 factors used to aggregate traffic into big buckets,
12 where you have data you can't quite understand, to
13 put it into buckets that you negotiate with another
14 carrier that are going to be fairly close to real.

15 But I have no way to justify or monitor
16 that, because I don't know how -- I can't validate a
17 PLU if I'm getting fictitious phone numbers on my
18 end office trunks that show me the end office trunk
19 and show me that as a local. That's overstating my
20 local as opposed to my inter, or toll traffic.

21 MS. NATOLI: The significance of that is
22 if it distorts your PLU by raising it such that it

1 shows that a larger percentage of traffic is local
2 versus toll, then what that -- those factors, then,
3 affect how you compensate Verizon for --

4 MR. HARABURDA: It's how we're
5 compensated.

6 MS. NATOLI: That's what I mean. How you
7 are compensated for traffic that is unidentified.
8 You put these factors on it so that you -- you know,
9 it's allocated somehow.

10 MR. HARABURDA: Basically we're saying oh,
11 we'll call 100 million minutes of local, but if I
12 found 10 minutes of those to be access, it would
13 have more than made up the incremental loss.
14 There's a huge impact. You know the rate
15 differences between the three different categories.
16 They're fairly substantial. So identifying them in
17 the right bucket with the right owner is paramount
18 in doing billing correctly, accurately and timely.

19 MR. KOERNER: Mr. Smith, would you explain
20 why Verizon won't block certain calls?

21 MR. SMITH: In terms of doing a lookup to
22 see if all of the information is there? I mean, is

1 that what you're --

2 MR. KOERNER: Calls that come in that
3 don't have that information that Cavalier would
4 need.

5 MR. SMITH: That would -- again, because
6 calls are being processed, billions of calls are
7 being processed on a daily basis. If we were to
8 start screening -- and again, not being the
9 engineering expert here, but if we were to start
10 screening those calls and blocking them, we could
11 see a tremendous volume of calls falling on the
12 floor.

13 And especially -- I mean, if it is calls
14 to Cavalier's end users. You know, I'm not sure
15 that people would be happy if all of a sudden, calls
16 to Cavalier end users couldn't get through our
17 network because we were blocking. People would
18 start to question. I can get through to all other
19 CLECs, but why do you stop the calls that are just
20 destined for Cavalier?

21 I think there are technical issues, in
22 timely being able to validate and review that

1 information and make a determination what you can
2 and can't block. And then I think there are just
3 some other public policy issues of, you know, people
4 not being able to complete to a specific CLEC. I'm
5 not sure Cavalier would want, you know, their
6 customers not to be able to receive calls from a
7 customer elsewhere because an intermediary carrier
8 decided they were going to strip the CPN or do
9 something funny.

10 MR. KOERNER: Well, with regard to the
11 policy issues, are you saying that to do this, you
12 would have to block a larger percentage of calls
13 than Cavalier would be wanting you to block, or that
14 you -- or you just think that Cavalier would want
15 them blocked?

16 MR. SMITH: I think if -- you've heard
17 Cavalier say they get a lot of records without that
18 type of information. All of those calls would now
19 not get through. I'm also not sure that it can be
20 done for a specific carrier. So now, you know, we
21 might have to block all calls that hit our network
22 without certain types of information. And I'm not

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1 sure of the public policy ramifications of that.

2 MR. WHITT: You know, what we do, we have
3 a similar issue on access. We have carriers that do
4 not want to pay us for access. What we do on
5 originating access with any particular carrier, we
6 give you the proper notice under our tariffs that if
7 you don't pay, we're going to block the calls. What
8 we do is to try to limit the circumstances, we'll
9 try to, you know, keep it to a fairly small number
10 of customers, but we will block originating access.

11 Quite frankly, we don't have a problem if
12 someone does it on terminating access, if we can't
13 bill the carrier, we know it can impact customers.
14 But literally if you do it for one or two minutes,
15 that's all the impact you really need, you'll get a
16 call from that carrier and you resolve the issue.
17 You don't block it for days, weeks, months at a
18 time. It wouldn't take more than a couple of
19 minutes of blocking calls. The end user customer is
20 going to call the carrier, the carrier will call us.

21 Unfortunately, that's the only way you can
22 do it unless you want to go to two -- for two years

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1 and fight it out. We don't have that option. If we
2 won't be compensated for the call, we don't want the
3 call to come through to us.

4 MR. LERNER: Seems to me there's a
5 difference between originating and terminating. If
6 you're blocking it on the originating end, the end
7 user that has a relationship with the long-distance
8 carrier will find out pretty quickly that jeez, all
9 my long-distance calls are blocked, it's -- I don't
10 know how they will get that message, whether they
11 will get a busy signal all the time.

12 MR. WHITT: We put a recording on, a
13 number to call.

14 MR. LERNER: They will have a recording.

15 MR. WHITT: We give them a dial-around
16 option too.

17 MR. LERNER: And they can go to their dial
18 around. On the other aspect of it, you've got the
19 terminating, your customer sitting in Arlington who
20 is getting calls from all around the country, and
21 those people who are calling him are not only
22 calling him, they're calling hundreds of people

1 around the country, he's not going to know he's not
2 getting calls. The person in California who is
3 making 10 calls, nine of which are not to Cavalier
4 customers and only one of which is to a Cavalier
5 customer, he's not going to -- he or she is not
6 going to recognize immediately that -- what the
7 problem is or that it's his long-distance carrier or
8 what.

9 MR. WHITT: I think that's why the first
10 choice is to bill Verizon. They're being
11 compensated for the call. That's the first choice
12 to -- you know, if they're going to benefit from the
13 revenue, they should take some sort of cost on that
14 call if we're not going to have the proper data.
15 And I guess the fallback is to block it. Like I
16 say, I really don't think you have to do it that
17 long to get the impact you would like to get.

18 MR. HARABURDA: Of course ideally you
19 would have the information passed to us so we could
20 identify the carrier on our own switch and we could
21 block the calls ourselves on our own network. But
22 again, that signalling is not part of the standards

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1 today.

2 MR. KOERNER: I have no more questions on
3 C3. I don't know if anyone else does.

4 MS. NATOLI: I actually do have just a
5 couple quick ones. Most of what we've talked about,
6 a lot of the problem, deals with misrouting access
7 traffic, long-distance traffic. I don't feel like
8 we focused very much on problems with real transit
9 traffic issues, where it's a CLEC in the local
10 jurisdiction that uses Verizon to transit to you
11 all, which is -- seems to be a very common practice.

12 How much of an issue is the
13 misidentification of traffic or the misrouting of
14 traffic, or inability to bill on purely transit
15 traffic?

16 MR. HARABURDA: A good example of that is
17 one issue we found with a carrier called Focal, and
18 I believe we brought it up with discovery questions
19 to them. We found one phone number that was
20 generating 200,000 plus minutes of traffic in a
21 month. When we looked at it, we said, well, this is
22 a local call, and we're billing them for local

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1 traffic.

2 When you look at it, it's the same phone
3 number over and over again, repeating, overlapping
4 calls if you look at the SS7. What's more
5 interesting, when you look at that, this goes to
6 Mr. Smith's points, where that number never, ever,
7 ever showed up as a calling party number, it was a
8 charge number that was in the CDRs. So the
9 perception then in Mr. Smith's testimony goes to
10 this, is that the charge number was put into the
11 place of the calling party number, and therefore we
12 saw 200,000 minutes of traffic to rate at D.C.
13 local .005, versus interstate tariff at .012.

14 That's a revenue impact because of the
15 manipulation -- "manipulation" is a strong word, but
16 there's a -- the statement that Verizon doesn't
17 touch the data that they get and passes it directly
18 through to us is not exactly true. And that the
19 data that we get is changed somewhat by Verizon,
20 maliciously or not, I'm not making a determination,
21 but the fact that it is different. And I've got SS7
22 to compare the meet point tapes, and they don't

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1 match.

2 You have empty phone numbers in the
3 calling number field in the SS7. And the meet point
4 billing tapes, they have this local number. The
5 implication for me is I bill this call as local, I'm
6 underbilling my carrier.

7 MS. NATOLI: But that's still a
8 long-distance traffic that was misidentified as
9 local. What I'm getting at --

10 MR. HARABURDA: Do you know that it's
11 local or long distance?

12 MR. WHITT: You really have no way to
13 know.

14 MS. SHETLER: Is this from a CLEC?

15 MR. HARABURDA: Focal, yes.

16 MS. NATOLI: What about, for example, in
17 Richmond, if Focal is in Richmond, and I don't know
18 for sure they are, their customer is calling --
19 their customer is calling a Cavalier customer going
20 through Verizon. Is it unlikely or could it occur
21 that Cavalier -- Focal doesn't pass the requisite
22 information through on the transiting side to

1 Verizon, that you're not able to bill, and then does
2 that traffic come to you over what, your local trunk
3 group?

4 MR. HARABURDA: That would be the local
5 trunk groups, that's correct.

6 MS. NATOLI: And then you would bill --
7 purportedly, you would try to bill Verizon for recip
8 comp because you would think it was Verizon?

9 MR. HARABURDA: If we didn't get the OCN,
10 which is one of the fields they should be passing,
11 that I believe is part of the standard to pass.

12 MS. NATOLI: But if you got the OCN, you
13 would know it's Focal and you would deal directly
14 with them. But if it wasn't, you would go to
15 Verizon for that?

16 MR. HARABURDA: For the call, so that
17 would determine ownership. The question of
18 jurisdiction would go down to whatever data happened
19 to be on the call record. If it was an instance of
20 a local local, I would bill them recip comp and
21 there's minimal damage. But if it was a fault trunk
22 group BTN that was put into the calling party number

1 bill, BTN, billing telephone number, then I would
2 have a misrepresentation that's making my
3 determination on local, and I'm underbilling again,
4 and they should be liable for access traffic.

5 MS. SHETLER: Is it Focal that should be
6 liable for access traffic in this scenario?

7 MR. HARABURDA: The party to whom I can
8 identify the traffic as ownership. Whoever I can
9 determine ownership to, that's step one. Step two
10 is once I get there, how do I determine the
11 jurisdiction. If I can determine it, I'm fine. If
12 I can't, I have tariff repercussions for that. Does
13 that answer your question?

14 MS. NATOLI: Yes.

15 MS. DAILEY: Let me ask a general question
16 on C4, just to start off. Mr. Smith, I hope you can
17 answer this question. The language which has been
18 identified on the joint decision point list, which
19 is at issue in C4, do you have a copy of the joint
20 decision point list?

21 MR. SMITH: I do.

22 MS. DAILEY: One was submitted to the

1 commission in September and one was submitted last
2 week. And on issue C4, Verizon's proposed language
3 seems to have been modified. On issue -- under
4 issue C4 for section 7.2.6. And I was wondering if
5 you could explain what the difference is and why
6 Verizon has modified its language.

7 MR. SMITH: Unfortunately, I don't have a
8 copy of the original one.

9 MS. NATOLI: The original language is the
10 language that is in the existing AT&T arbitrated
11 agreement right now. It's unchanged from that.

12 MS. SHETLER: We're bringing around a
13 copy.

14 MR. SMITH: Thank you.

15 (Witness reviewed the document.)

16 The new language was an attempt to address
17 some of Cavalier's concerns regarding the third
18 party charges that are passed, and that if Cavalier
19 wished us to dispute those charges on their behalf,
20 we would be happy to do that, as long as they would
21 indemnify us, should we ever be held liable for
22 those charges, so that we would not expect to pass

1 those through, we would dispute those on behalf of
2 Cavalier.

3 MS. DAILEY: Okay. Was Cavalier aware of
4 the language, the modifying language? Okay. Okay,
5 that's my question. I mean, I didn't see it in the
6 testimony, so --

7 MR. KOERNER: I had a question for both --
8 the same question for both parties regarding the
9 underlying AT&T-Verizon agreement, sections 7.2.6
10 and 7.2.7 of that agreement seem to establish a
11 reciprocal relationship between the parties for
12 transit services. And I would like to ask each
13 party if they -- what their problems were with that
14 language and what their proposal would do that goes
15 beyond that language. We can start with Mr. Smith.
16 If you're ready.

17 MR. SMITH: We're talking about the new
18 language that's in 7.2.7? Is that the --

19 MR. KOERNER: And 7 -- well, I guess --
20 yeah. And 7.2.6.

21 MR. SMITH: 7.2.6 basically is the
22 language that covers the transit service that we

1 provide today, and 7.2.7 acknowledges the fact that
2 at some point in the future, Cavalier may offer a
3 transit service and may have other parties that
4 subtend their tandem and just tries to acknowledge
5 the fact that this situation could occur in the
6 future, is how I understand this.

7 MR. KOERNER: Okay. And so then you
8 propose this indemnification language in addition to
9 that 7.2.6?

10 MR. SMITH: The indemnification language,
11 I think, is in 7.2.6, if I'm not mistaken.

12 MS. NEWMAN: Are you asking him -- point
13 of clarification. Are you asking him how does our
14 present proposal differ from the original AT&T?

15 MR. KOERNER: Why it does.

16 MS. NEWMAN: I'm not sure that it does.

17 MR. KOERNER: Okay. If that's Mr. Smith's
18 opinion --

19 MS. NEWMAN: I don't think he has in front
20 of him the original, to make a comparison.

21 MR. SMITH: I don't have --

22 MS. NEWMAN: You just have the revised

1 JDPL.

2 MR. SMITH: Right.

3 MS. DAILEY: You're asking him about the
4 original that was proposed in -- that was in the
5 September?

6 MR. KOERNER: No, no.

7 MR. LERNER: Comparing the AT&T agreement.

8 MS. NATOLI: I think what we're trying to
9 say is 7.2.7 provides that if Cavalier offers such
10 transit service, it shall be comparable to the one
11 that Verizon currently offers Cavalier, and I guess
12 it's the scope of what the word "comparable" means.
13 Does it include the fact that if Cavalier wants to
14 set its service up, that would also impose or
15 levy -- you know, require the same kinds of
16 indemnity, so to speak, if it went the other way,
17 would that fall within the scope of "comparable."

18 And if so, then this idea of reciprocity
19 seems to already be provided for, and it seems to be
20 just a matter of clarifying the extent to which it's
21 contemplated.

22 MR. PERKINS: May I interject just for a

1 moment, maybe cut to the chase here? I don't know
2 if it's proper, but I think I could save us a little
3 bit of time, perhaps.

4 MR. LERNER: Go ahead.

5 MR. PERKINS: The point is, the language
6 says "comparable" and not "the same." "Comparable"
7 means further negotiations, "the same" means we're
8 done.

9 MS. NEWMAN: Can I --

10 MR. LERNER: You may interject.

11 (Laughter.)

12 MS. NEWMAN: It is my understanding
13 that -- this is what I thought originally where you
14 were going. Originally we have -- 7.2.6 and 7.2.7
15 were exactly what came out of the AT&T agreement.
16 What we've offered is a compromise to address the
17 reciprocity question that Cavalier has raised, we
18 offered amendment to that, to address that, and we
19 think it does address it.

20 What Cavalier wanted to do was to add
21 reciprocal language all throughout that section of
22 the agreement, and several cascading paragraphs. We

1 thought that was cumbersome and may be difficult to
2 follow, that you only needed to add it in this
3 particular section.

4 MR. KOERNER: You're saying Verizon's
5 language is in response to Cavalier's proposal to
6 those sections?

7 MS. NEWMAN: Yes, exactly right.

8 MR. KOERNER: Then let me ask the question
9 of Cavalier. What about the existing AT&T agreement
10 was inadequate to achieve a reciprocal transit
11 relationship, in your view?

12 MR. CLIFT: There's two problems with the
13 language. One was the ability to pass third-party
14 charges on at will, and then the second piece was
15 the reciprocity issue. So therefore, Cavalier
16 proposed language that A, that the charges would
17 have to be proper, which means they really are --
18 that the charging is at least sanctified by some
19 state commission or FCC rule or regulation, really,
20 and that the second part was the reciprocity issue.

21 MR. KOERNER: I don't have any other
22 questions on C4.

1 MS. DAILEY: I have a question.
2 Mr. Whitt, in your testimony on page -- your
3 rebuttal testimony, page 4, lines 21 to 22, you
4 state that Verizon has not previously billed
5 Cavalier for third-party termination of tandem
6 transit calls.

7 MR. WHITT: Right.

8 MS. DAILEY: Right?

9 MR. WHITT: Yes.

10 MS. DAILEY: What is this issue about if
11 this hasn't happened yet?

12 MR. WHITT: The only type of transit calls
13 that we know of what we've been billed for are
14 through New York access pool, which are basically
15 the Verizon transit itself, but to my knowledge,
16 we've never been billed for other parties. But
17 we've heard that they have started to back-bill
18 other CLECs, so that's why it became a concern.
19 We've heard that it's out there. We haven't seen it
20 in our bills yet, but we've heard other CLECs are
21 running into this.

22 MR. CLIFT: It's our understanding that

1 other -- Cavalier's position is that for all transit
2 traffic, we'll bill the originating carrier. I
3 think that's consistent with the industry standard,
4 that's consistent with interconnection agreement.

5 MS. DAILEY: Directly.

6 MR. CLIFT: Directly, yes. But we have
7 reason to believe, based upon information that we've
8 received, that not all CLECs necessarily play by
9 those rules and that the CLEC, even though a call
10 would originate from Cavalier and terminate on their
11 network and transit through Verizon, that those
12 CLECs may be, in fact, billing Verizon for that
13 call.

14 So what we're saying is, well, we don't
15 want Verizon to have an open book, open checkbook,
16 really, to pass those charges on to Cavalier if we
17 don't feel that that's the way the process should
18 work. And you've got other CLECs involved, you've
19 got wireless carriers involved, and you have other
20 independent telephone companies involved who
21 originate their own local traffic, and they may be
22 originating some wireless traffic too, through our

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1 interstate connection billings.

2 MS. DAILEY: Are you concerned about
3 back-billing or billing in the future?

4 MR. CLIFT: No, no, I'm concerned about
5 billing in the future, whereas all of a sudden
6 that -- and this is the case in point that part of
7 the negotiations that I have with Cox. Cox says
8 well, Verizon's paying for that traffic, and Verizon
9 says well, I'm just going to pass that on to
10 Cavalier.

11 MS. DAILEY: I guess my problem again,
12 then it goes back -- if these need to be proper
13 charges, but you haven't seen any evidence of
14 impropriety. What are you anticipating?

15 MR. CLIFT: Well, I guess that's
16 Verizon's -- I mean, why does Verizon need the
17 language, then, if that's the case? Then the
18 language should be totally stricken. And I think
19 we'll just take 7.2.6 out, we don't need the
20 language. I mean, if what you're saying is that
21 there's nothing going on in the industry that's
22 wrong, then if that's the case, then why do you need

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1 the language? I mean, the language kind of scares
2 us, is what we're saying, to the extent that all of
3 a sudden charges start appearing on our doorstep
4 we've never seen before, from other third parties.

5 You know, that's not occurring today. We
6 don't have language like this today that's in the
7 interconnection agreement.

8 MS. DAILEY: You don't have 7.2.6 at all?

9 MR. CLIFT: Not in the MCI agreement, no.

10 MS. DAILEY: That's the one that you opted
11 into, okay. I have one other question about the
12 reciprocity issue. Under what circumstances does
13 Cavalier expect to provide transit service to
14 Verizon in the future?

15 MR. CLIFT: Under what circumstances or
16 what --

17 MS. DAILEY: Does Cavalier currently
18 provide transit service to Verizon?

19 MR. CLIFT: No.

20 MS. DAILEY: So what circumstances would
21 cause it to do so in the future?

22 MR. CLIFT: I may negotiate -- Verizon